



## G.O. BOND FUNDING CHECKLIST CONSTRUCTION LOAN FINANCING

DOCUMENT SUBMISSIONS	REQUIREMENTS
<b>Outline Rehab Scope - Rehabilitation</b>	<u>Prior to closing:</u> Minnesota Housing's architectural review of existing buildings will vary depending upon the proposed scope of work and its degree of complexity. Substantial rehabilitation projects will more closely follow the same review process as for new construction. Rehabilitation may not require architectural plans and specifications, but will likely require analysis of construction materials and quality based on contractor bids.
<b>209A Qualifications of General Contractor</b> (MH form)	<u>Prior to closing:</u> Information regarding the legal status, the personnel, the experience and the financial strength of the general contractor is collected in the 209A. If the capacity of the contractor was not assessed at time of selection, this form should be used to compare past experience with the applicable proposal to determine comparability.
<b>206A Qualifications of Architect</b> (MH form)	<u>Prior to closing:</u> This is a Minnesota Housing form that details information regarding the architectural firm's staff, experience and their ability to be insured. A list of the firm's principals, identifying their professional field (e.g. Landscape architecture, mechanical, electrical, etc.), a list of the other members of the firm and the name and registration of the person in charge of the subject development should be included. The firm should also submit a list of developments for which they were the architect of record. This information should include: the name and location of the development, the name and address of the borrower, the number of units, construction cost, date of completion, the building types and number of stories of each, and the type of financing used. Materials representative of the work of the architectural firm should also be reviewed.
<b>Environmental</b>	<u>Prior to closing:</u> Phase I Environmental Site Assessment required for loans in excess of \$300,000. Comprehensive Lead-based Paint and Asbestos-containing Materials surveys required entire property – not just rehabilitated areas. Abatement plan required for hazardous materials to be abated during rehabilitation; Operations & Maintenance (O&M) Plan required for hazardous materials to remain after rehabilitation. More detail on Minnesota Housing's requirements may be found at: <a href="http://www.mnhousing.gov/housing/architects/MHFA_007967.aspx">http://www.mnhousing.gov/housing/architects/MHFA_007967.aspx</a>
<b>B3</b>	<u>Prior to closing:</u> B3 is the State of Minnesota's Sustainable Building Design Requirements (Buildings, Benchmarks and Beyond). Projects will need to either have comply with B3 or be approved by the Center for Sustainable Building Research as "non-applicable." More information is available at: <a href="http://www.msbg.umn.edu/">http://www.msbg.umn.edu/</a>

<b>100% Bid Documents one set</b>	<u>Prior to closing:</u> Typically 100% Bid Documents is synonymous to 100% Construction Documents. Specifically it refers to the construction documents the owners issue to solicit bids from the general contractors. Contractors offer their bid price, derived from their estimate based on the work description in the construction (bid) documents. The Minnesota Housing architect will review the documents, and may suggest modifications.
<b>100% Bid Document Approval</b>	<u>Prior to closing:</u> Following design development document approval, the architect proceeds with the preparation of final construction documents to include architectural, electrical, mechanical, and structural drawings and specifications in accordance with Minnesota Housing's Architect's Guide. These approved plans and specifications are used by the borrower and general contractor to prepare a detailed construction cost bid.
<b>100% Construction Documents Approval</b>	100% Construction Documents [comprised of working drawings and specifications of architectural, structural, mechanical, electrical, landscaping, civil engineering and other construction-related fields of expertise as necessary] Approval is the culmination of Minnesota Housing's Design Review Process. Approval is given when all the review comments and requirements the Minnesota Housing architect offered during the review process are incorporated in the 100% construction documents, be it design modification, construction materials issues, or construction methods. The number of sets needed will be determined and requested by the Minnesota Housing architect and will be required <u>prior to closing</u> .
<b>Total Development Sources and Uses</b>	Sources and Uses must be submitted <u>prior to closing</u> .
<b>Equal Opportunity Policy Statement</b> (MH Form)	<u>Prior to closing:</u> Minnesota Housing is committed to equal housing and equal employment opportunity. Forms must be submitted by the owner and general contractor. Form available at: <a href="http://www.mnhousing.gov/idc/groups/public/documents/document/mhfa_002447.rtf">http://www.mnhousing.gov/idc/groups/public/documents/document/mhfa_002447.rtf</a>
<b>Contractor's Compliance Activity Report</b> (MH Form)	<u>Prior to closing:</u> Minnesota Housing's goal is to ensure that the workforces on the projects and programs we finance reflect demographically the area they are located in. The Contractors Compliance Activity Report provides information regarding equal business opportunities to minority and female businesses on the projects we finance and equal employment opportunities in the workforces of the firms with whom we sign contractual agreements in which a contractor commits to meet Minnesota Housing's employment and business goals. Form available at: <a href="http://www.mnhousing.gov/idc/groups/public/documents/document/mhfa_006278.pdf">http://www.mnhousing.gov/idc/groups/public/documents/document/mhfa_006278.pdf</a>

<b>Affirmative Fair Housing Marketing Plan</b> <i>(MH Form)</i>	<p><u>Prior to closing:</u> The Affirmative Fair Housing Marketing Regulations require that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants of all majority and minority groups in the housing market area regardless of race, creed, color, religion, sex, national, origin, marital status, status with regard to receipt of public assistance, disability or familial status. The applicant describes on this form the activities it proposes to carry out during advance marketing, where applicable, and the initial sales or rent up period. The affirmative marketing program also should assure that any group(s) of persons normally NOT likely to apply for the housing without special outreach efforts (because of existing neighborhood racial or ethnic patterns, location of housing in the SMSA, or price or other factors), know about the housing, feel welcome to apply and have the opportunity to buy or rent. Form available at:  <a href="http://www.mnhousing.gov/housing/management/asset/index.htm">http://www.mnhousing.gov/housing/management/asset/index.htm</a></p>
<b>Authority's Enabling Resolution</b>	<p><u>Prior to closing:</u> Enabling resolution and minutes from the government entity establishing the Authority.</p>
<b>Authority's Certified By-laws</b> <i>(MH form of Certification)</i>	<p><u>Prior to closing:</u> Certified Bylaws and any and all amendments must be submitted. The Certification of Bylaws shall state that the Bylaws and any and all amendments thereto are true, complete and correct copies, and such Bylaws have been duly adopted by the Authority, and are presently in full force and effect. The Certification must be dated within <b>90 days</b> of closing; and must be signed by the secretary of the Authority. Minnesota Housing's form of Certification may be obtained.</p>
<b>Authority's Borrowing Resolution</b> <i>(MH form)</i>	<p><u>Prior to closing:</u> A <u>draft copy</u> of the Resolution adopted by the Authority's governing board must be submitted to Minnesota Housing for review prior to closing, and must include the following: (1) authorization to borrow funds from Minnesota Housing and stating the amount of borrowing authority; (2) authorization to execute any and all Minnesota Housing loan documents (including, but not limited to, a Repayment Agreement, Declarations); (3) contains the legal description of the real property including the name of the development; (4) identifies authorized signers and their titles; (5) contains a paragraph stating that: "Minnesota Housing Finance Agency is authorized to rely on the continuing force and effect of the Resolution until receipt by the Commissioner of Minnesota Housing, at its principal office, of notice in writing from the Authority of any amendments or alterations thereof"; (6) must be certified dated within <b>90 days</b> of closing. Minnesota Housing sample form may be obtained.</p> <p><u>At closing:</u> The original signed Resolution (or a Certified copy) must be delivered prior to, or at closing.</p>
<b>208 Qualifications of Attorney</b> <i>(MH form)</i>	<p><u>Prior to closing:</u> Information regarding the Attorney's experience with government housing programs and real estate is collected in the 208A. This form should be reviewed by the HDO and if the attorney has had no prior experience in Real Estate, their capacity to carry out the legal work for the applicable development should be assessed.</p>

DOCUMENT SUBMISSIONS	REQUIREMENTS
<b>Attorney's Opinion Letter</b> <i>(MH form)</i>	<p><u>Prior to closing:</u> Legal counsel for the borrower must deliver a <u>draft copy</u> of a favorable opinion stating: (1) the borrower is in good standing and validly existing under the laws of the State of Minnesota; (2) Minnesota Housing's loan documents have been duly authorized, executed, and delivered, and constitute valid obligations of the borrower; (3) the priority and validity of Minnesota Housing's mortgage; (4) if applicable, contain a statement that the rehabilitation and related documents have been duly authorized; (5) the borrower's ability to carry on the business of owning and operating the development. When there is an identity of interest between the borrower and their attorney, the attorney may <u>not</u> prepare the borrower's Attorney's Opinion. Minnesota Housing's form may be obtained.</p> <p><u>At closing:</u> The original signed attorney's opinion letter must be dated the date of closing and delivered to Minnesota Housing.</p>
<b>Title Insurance Commitment/Proforma</b> <i>(from Title Company)</i>	<p>Title insurance is an indemnity contract providing insurance to pay the cost of a resulting loss if any interest adverse to the interest of the insured is not reflected in the policy. The insuring company promises to defend the title against adverse claims, subject to the provisions of the policy.</p> <p><u>Prior to closing:</u> A current Lender's title insurance commitment/proforma is required:</p> <ul style="list-style-type: none"> <li>• naming the "Minnesota Housing Finance Agency, a public body corporate and politic of the State of Minnesota, its successors and/or assigns" as the proposed insured;</li> <li>• in the amount of the MHFA's proposed mortgage;</li> <li>• showing all liens, encumbrances, restrictions and easements presently of record, and proposed; and</li> </ul> <p>Copies of all liens, encumbrances, restrictions and easements that will remain of record, or proposed to be placed of record must be submitted and reviewed by Minnesota Housing for acceptability. Items determined to be acceptable may be required to be subordinate to Minnesota Housing's mortgage documents.</p> <p>The Title Company must be prepared to delete all standard exceptions and provide mechanics lien coverage.</p> <p><u>At closing:</u> A Title Insurance Proforma (<b>with Alta 3.1 Zoning Endorsement attached</b>) signed by an authorized signer for the title company must be provided to Minnesota Housing.</p>

<b>Alta 3.1 Zoning Endorsement –</b> <i>(from Title Company)</i>	<u>Prior to closing:</u> The ALTA 3.1 zoning endorsement is used only for land with completed structures. This endorsement insures not only that the land and present structures can be used for the permitted purposes, but also insures against forced removal of the existing structures because of the violation of zoning ordinances regarding size of the land or buildings, setbacks, or height of the structure. The endorsement must also include parking coverage. Before issuing the endorsement, title insurers require a letter from the appropriate city zoning department addressing the zoning classification, permitted uses for the property, the current or proposed use of the property and its compliance with the zoning ordinance, indicating if variances have been granted, and information regarding parking requirements and compliance.
<b>DOCUMENT SUBMISSIONS</b>	<b>REQUIREMENTS</b>
<b>Title Company Settlement Statement</b> <i>(from Title Company)</i>	<u>Prior to closing:</u> A draft Settlement Statement showing the financing and payments to be made at closing. <u>At closing:</u> The signed Settlement Statement is required.
<b>ALTA Survey - Existing Building</b> <i>(Only required if changing the footprint of the building(s))</i> <i>(MH form of Certification)</i>	<u>Prior to closing:</u> For an existing building, the borrower is required to provide a full-size hard copy of an as-built survey, certified to Minnesota Housing and dated within <b>120 days</b> of closing. The certification is required and is located at: <a href="http://www.mnhousing.gov/idc/groups/multifamily/documents/webcontent/mhfa_007949.pdf">http://www.mnhousing.gov/idc/groups/multifamily/documents/webcontent/mhfa_007949.pdf</a> . It is important to review the title insurance commitment and survey early in the underwriting process to ensure that there will not be any long term problems with the site, as well as to identify any objections to title that could delay closing.
<b>Zoning Letter from Municipality</b> <i>(MH form)</i>	<u>Prior to closing:</u> A letter from the municipality in which the development is located that the property is zoned or restricted so as to permit the work and operation of the development. This letter must be dated within <b>6 months</b> of closing and include the following; (1) set back requirements (2) required number of parking spaces including handicapped spaces (3) flood zone status (4) zoning classification (5) Conditional use permits (include copy of the permit) (6) if the property is a legal non-conforming use because it was built before the zoning code, then the letter must state it is a legal non-conforming use.
<b>Consent Letters (Jr. Lien Approval) from any existing lenders (including HUD)</b> <i>(MH form)</i>	<u>Prior to closing:</u> A letter from existing mortgage holders is required addressed to Minnesota Housing indicating (1) their consent to Minnesota Housing's loan(s) and loan documents, and specifying the amount of the Minnesota Housing's loan(s); (2) identifying the loan documents they are consenting to; and (3) indicating that the Minnesota Housing loan(s), with the passing of time, does not create an event of default under the lender's loan documents. This would include HUD's approval for the Authority to mortgage the property.

<b>Loan Documents from other Lenders providing new financing</b> (if applicable)	<p><u>Prior to closing:</u> Draft documents of other lender loan documents must be submitted to Minnesota Housing for review. Due to a lender(s) varying requirements, the documents will be reviewed for conflicting requirements that may necessitate issue resolution prior to closing. Examples: Notice requirements of lenders, loan terms, amortizing loans, rent and income requirements, use of loan proceeds, loan document priority, disbursement order.</p> <p><u>At closing:</u> Signed Lender loan documents must be submitted.</p>
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DOCUMENT SUBMISSIONS	REQUIREMENTS
<b>Characteristics of Tenant Households Report</b>	<p><u>Prior to closing:</u> The Characteristics of Tenant Household (CTH) report is a snapshot of the income, rent and tenant characteristics required for all occupied properties prior to closing. The information is used to ensure units meet program(s) eligibility at closing and for legislative reporting purposes. The Initial Occupancy Statement by Tenant tab contains a form of certification to be completed &amp; signed by each tenant household, in addition to the Tenant Demographic Profile form. These forms are then used by owner/manager to complete the CTH report. Only the CTH excel file should be submitted to Minnesota Housing. Owner maintains the signed Initial Occupancy Statements and Tenant Demographic Profiles. Owners may use the Housing Tax Credit Tenant Income Certification form in lieu of the Initial Occupancy Statement.</p> <p>The CTH Report excel workbook contains an instruction tab and is located at <a href="http://www.mnhousing.gov/housing/servicing/MHFA_004835.aspx">http://www.mnhousing.gov/housing/servicing/MHFA_004835.aspx</a>. The naming protocol is the Development Number, Property Name, CTH, year the property was closed (i.e., D0001 ABC Apt CTH09). The form should be submitted to the HDO within <b>30 days</b> prior to closing.</p>
<b>Owner's Evidence of Property and Liability Insurance</b>	<p>All Insurers must be authorized to transact business in the State of Minnesota and must have a Best's rating of A- or better (refer to <a href="http://www.ambest.com">www.ambest.com</a> for rating information).</p> <p><u>Prior to closing:</u></p> <ol style="list-style-type: none"> <li>1. <b>"Special Form" or "All-Risk" Hazard Certificate of Insurance:</b> <ol style="list-style-type: none"> <li>(a) In an amount not less than the amount of Minnesota Housing's outstanding financing or 100% of the insurable replacement value of such building(s) or improvements (whichever is greater). <u><i>If rehabilitation is occurring, then an overlap endorsement or rider insuring the rehabilitation work to be completed must be included if not covered by the General Contractor's Builder's Risk insurance;</i></u></li> <li>(b) Mortgagee clause naming Minnesota Housing Finance Agency as Mortgagee;</li> <li>(c) Loss Payee clause naming Minnesota Housing Finance Agency as Loss Payee;</li> <li>(d) Replacement Cost Valuation Basis;</li> <li>(e) Must include an Agreed Value Clause (no co-insurance penalty applicable);</li> <li>(f) If applicable, Boiler and Machinery Coverage (no co-insurance);</li> <li>(g) Flood Insurance, if applicable;</li> <li>(h) Insurer will provide Minnesota Housing with 30 days prior written notice in the event of cancellation, non-renewal or material change.</li> </ol> </li> </ol> <p>CONTINUED ON NEXT PAGE</p>

DOCUMENT SUBMISSIONS	REQUIREMENTS
<b>Owner's Evidence of Property and Liability Insurance</b>	CONTINUED FROM PREVIOUS PAGE
	<p>2. <b>Comprehensive General Liability Certificate of Insurance</b> (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance):</p> <ul style="list-style-type: none"> <li>(a) Limits against bodily injury and property damage of not less than \$1,000,000 per occurrence and \$3,000,000 in aggregate. An umbrella excess liability policy may be used to meet such requirements;</li> <li>(b) Minnesota Housing Finance Agency named as an Additional Insured;</li> <li>(c) Insurer will provide Minnesota Housing with 30 days prior written notice in the event of cancellation, non-renewal or material change.</li> </ul>



DOCUMENT SUBMISSIONS	REQUIREMENTS
<b>100% Construction Plans &amp; Specs</b>	<p>100% CERTIFIED Construction Documents [comprised of working drawings and specifications of architectural, structural, mechanical, electrical, landscaping, civil engineering and other construction-related fields of expertise as necessary] Approval is the culmination of Minnesota Housing's Design Review Process. Approval is given when all the review comments and requirements the Minnesota Housing architect offered during the review process are incorporated in the 100% construction documents, be it design modification, construction materials issues, or construction methods. One set is required by the Minnesota Housing architect <u>prior to closing</u>.</p>
<b>Contractor's Evidence of Insurance (Builder's Risk, Liability and Worker's Comp)</b>	<p>All Insurers must be authorized to transact business in the State of Minnesota and must have a Best's rating of A- or better (refer to <a href="http://www.ambest.com">www.ambest.com</a> for rating information).</p> <p><u>Prior to closing:</u></p> <ol style="list-style-type: none"> <li>1. <b>"All Risk" Builder's Risk Completed Value Certificate of Insurance:</b> <ol style="list-style-type: none"> <li>(a) In an amount not less than the amount of the Construction Contract or 100% of the insurable replacement value of such building(s) or improvements (whichever is greater);</li> <li>(b) Mortgagee clause naming Minnesota Housing Finance Agency as Mortgagee;</li> <li>(c) Loss Payee clause naming Minnesota Housing Finance Agency as Loss Payee;</li> <li>(d) Replacement Cost Valuation Basis;</li> <li>(e) Must include an Agreed Value Clause (no co-insurance penalty applicable);</li> <li>(f) If applicable, Boiler and Machinery Coverage (no co-insurance);</li> <li>(g) Flood Insurance, if applicable;</li> <li>(h) Insurer will provide Minnesota Housing with 30 days prior written notice in the event of cancellation, non-renewal or material change.</li> </ol> </li> <li>2. <b>Comprehensive General Liability Certificate of Insurance</b> (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance): <ol style="list-style-type: none"> <li>(a) Limits against bodily injury and property damage of not less than \$1,000,000 per occurrence and \$3,000,000 in aggregate. An umbrella excess liability policy may be used to meet such requirements;</li> <li>(b) Minnesota Housing Finance Agency named as an Additional Insured;</li> <li>(c) Insurer will provide Minnesota Housing with 30 days prior written notice in the event of cancellation, non-renewal or material change.</li> </ol> </li> <li>3. <b>Worker's Compensation Insurance:</b> <ol style="list-style-type: none"> <li>(a) In the statutory amount;</li> <li>(b) Insurer will provide Minnesota Housing with 30 days prior written notice in the event of cancellation, non-renewal or material change.</li> </ol> </li> </ol>

DOCUMENT SUBMISSIONS	REQUIREMENTS
<b>AIA Construction Contract (2007 Edition)</b>	<p><u>Prior to closing:</u> The AIA Construction Contract must be a <u>fixed price contract</u> that must be approved by the Minnesota Housing architect. Minnesota Housing takes an Assignment of the Construction Contract at closing and requires its form of Supplement to General Condition be executed at closing. Generally, Minnesota Housing does not accept design build contracts.</p> <p><u>At closing:</u> The executed AIA Construction Contract must be submitted.</p>
<b>Building Permits</b>	<p><u>Prior to closing:</u> A <u>draft copy</u> of the building permit(s) accompanied by a letter from the building official stating: (1) the amount of the permit fees; and (2) that the only requirement to be complied with in issuance of the building permits is the payment of the permit fees. Minnesota Housing does not accept a draft permit that includes a list of deficiencies that must be corrected prior to issuance of the permit.</p> <p><u>At closing:</u> A copy of the issued building permit(s) signed by the building official including a copy of the permit fee paid receipt is required.</p>
<b>213A Contractor's and/or Mortgagor's Cost Breakdown</b> (MH form)	<p><u>Prior to closing:</u> The Schedule of Values that provides a detailed itemization of the values of contractor's total proposed contract sum by classes of work (i.e., masonry, carpentry, plumbing, electrical, general conditions, bonds &amp; insurance, general contractor's overhead and profit, etc.) This approved Schedule of Values becomes the template by which a general contractor will prepare the subsequent applications for payment for the various classes of work that have been completed under the contract. The general contractor may use the AIA Application and Certification for Payment Forms G702 and G703 or Minnesota Housing's form 213A located at: <a href="http://mhfa-cms/idc/groups/multifamily/documents/webcontent/mhfa_007437.xls">http://mhfa-cms/idc/groups/multifamily/documents/webcontent/mhfa_007437.xls</a></p>
<b>214 Contractor's Commitment Letter</b> (MH form)	<p><u>Prior to closing:</u> The Construction Commitment Letter (Minnesota Housing Form 214) stipulates the general contractor is prepared to execute a construction contract to rehabilitate the development according to approved drawings, specifications, and addenda under specific terms acceptable to all parties. Specific terms include: cost of work, time to complete work, insurance, surety, and type of contract. The general contractor completes Minnesota Housing Form 214 Construction Commitment after Minnesota Housing has reviewed and approved the 100% Construction Documents and the Contractor's Cost Breakdown (Minnesota Housing Form 213A) for reasonableness, and agreement is reached on a final rehabilitation cost acceptable to all parties. Complete this form using general contractor's letterhead. We require this form from Abatement Contractor's as well, if applicable.</p> <p><u>At closing:</u> The original signed Construction Commitment Letter must be provided to Minnesota Housing.</p>
<b>Payment and Performance Bonds</b> (MH forms)	<p><u>Prior to closing:</u> To protect Minnesota Housing's and the borrower's interest, the general contractor must submit 100% Payment and Performance Bonds (Dual Obligatee) in <u>draft form</u>, in amounts equal to the gross construction cost. Minnesota Housing form is required.</p> <p><u>At closing:</u> Minnesota Housing requires two sets of original and fully executed Payment and Performance Bonds be delivered, dated the date of closing.</p>

DOCUMENT SUBMISSIONS	REQUIREMENTS
<b>AIA Owner Architect Agreement</b>	<u>Prior to closing:</u> The AIA Owner Architect Agreement must be approved by the Minnesota Housing architect. Minnesota Housing takes an Assignment of the Architect Agreement at closing. Minnesota Housing requires the Architect Fee to be split 75% design and 25% supervision. Minnesota Housing does not accept design build contracts.
<b>Architect's Evidence of Insurance</b>	<u>Prior to closing:</u> <b>Professional Liability Insurance Certificate:</b> In an amount not less than \$500,000 per occurrence. In cases where the design and supervising architects are different entities, each entity shall supply a certificate of insurance of professional liability insurance in an amount not less than \$500,000.
<b>Architect's Opinion Letter</b> (MH form)	<u>Prior to closing:</u> Minnesota Housing requires the architect to submit an opinion letter addressed to Minnesota Housing. The purpose of this letter is to certify that the architect is licensed to practice in the State of Minnesota and is prepared to perform architectural services under Minnesota Housing's terms. Minnesota Housing's form is required.
<b>Invoices and supporting documentation for Closing Draw (Draw #1)</b>	<u>Prior to closing:</u> It is imperative that all invoices and additional supporting documentation for budgeted development costs/fees outlined in the Financial Analysis Form 402 that require payment at closing be received by Minnesota Housing a <b>minimum of ten (10) working days prior to closing</b> . Minnesota Housing reviews this documentation and prepares the closing draw (Draw #1). Supporting documentation for inclusion in the closing draw are: (1) payoff letter(s) from any interim or existing lender(s), if applicable; (2) invoices for budgeted development costs/fees from the Attorney, Architect, Processing Agent, Marketing Agent, Surveyor, Title Company (including recording fees), Public Utilities, Environmental, Appraiser, Assessor, Building permits, Soil borings, and any other related budgeted development costs/fees; (3) paid receipts/cancelled checks for budgeted development costs/fees that are related to the development and were paid by the borrower prior to the closing for which the borrower is seeking reimbursement. The Minnesota Housing architect reviews all draws, including all contractor draws.